

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 ADP-00 INT-08 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 CU-04 RSR-01 /112 W

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R 300630Z JUN 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 1595

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E.O. 11652: N/A

TAGS: PINT, NL

SUBJECT: SECOND CHAMBER REJECTS GOVERNMENT PROPOSAL FOR TAX
INCREASES

1. SUMMARY: SECOND CHAMBER REJECTED DEN UYL GOVT'S PROPOSALS FOR RAISING GASOLINE TAXES. LEFT WING THREE AND ARP SUPPORTED GOVT PLAN WHILE KVP LINED UP WITH OPPOSITION. LATEST GOVT DEFEAT COMES ON HEELS OF CHAMBER'S REJECTION OF COALITION'S PLAN FOR REVISION OF UNIVERSITY FEES. REJECTION OF GOVT TAX PLAN WAS CHAMBER'S LAST ACTION PRIOR TO SUMMER RECESS. IT ENDED PARLIAMENTARY SESSION ON SOUR NOTE, IS INAUSPICIOUS FOR DIFFICULT CABINET DISCUSSIONS ON 1974 BUDGET SCHEDULED FOR THE SUMMER, AND DOES NOT AUGUR WELL FOR COALITION'S UNITY OR DURABILITY. END SUMMARY.

2. IN EARLY HOURS OF JUNE 29TH, SECOND CHAMBER, WHICH NOW ADJOURNED UNTIL AUGUST 28, REJECTED GOVT'S PROPOSAL TO RAISE GASOLINE TAXES 4.5 CENTS PER LITER. KVP, WHICH HAD PROPOSED COMPROMISE MEASURE (1.5 CENT INCREASE), JOINED WITH LIBERALS, CHU AND RIGHT WING SPLINTER PARTIES TO DEFEAT GOVT MEASURE. ARP AND LEFT WING THREE (LABOR, RADICALS AND D'66) SUPPORTED GOVT. NEW TAX REVENUES HAD BEEN EARMARKED FOR EDUCATION AND CULTURE AND SPECIAL EFFORT TO CUT UNEMPLOYMENT IN URBAN AREAS.

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3. DEBATE ON GOVT TAX PROPOSALS CAME AFTER CHAMBER APPROVED

TREATY OF STRASBOURG PROVISION BANNING PIRATE RADIO SENDERS. COALITION PARTIES HAD ALL SUPPORTED GOVT ON THIS EMOTIONALLY EXPLOSIVE MEASURE (BROADCAST POLICY CAUSED FALL OF DUTCH GOVT IN 1965). THUS IT WAS WIDELY ANTICIPATED KVP WOULD GO ALONG WITH GASOLINE TAX MEASURE ALTHOUGH KVP HAD ALSO VOTED WITH OPPOSITION EARLIER IN THE WEEK TO REJECT GOVT'S PROPOSALS ON UNIVERSITY FEES. WHEN CRUNCH CAME, HOWEVER, KVP OPTED FOR OPPOSITION. KVP FLOOR LEADER ANDRIESSEN CHARGED GOVT WAS BENING UNREALISTIC IN NOT ACCEPTING COMPROMISE MEASURE. LABOR FLOOR LEADER VAN THIJN, RECALLING ANDRIESSEN'S SPEECH AFTER GOVT STATMENT ON IMPROVING ATMOSPHERE AND FOSTERING COOPERATION, ASKED "WHO IS REALLY POLARIZING NOW?" OPPOSITION LEADER WIEGEL NOTED THAT GOVT DEFEAT TWICE IN SAME WEEK SUGGESTS INABILITY TO MANAGE ITS AFFAIRS AND EXPOSES CONTRADICTIONS IN COALITION. HE PREDICTED A VERY HOT SEPTEMBER. PRIMIN DEN UYL, WHO DEPLORED VOTE, SAID IT WOULD BE UNEMPLOYED AND DISADVANTAGED WHO WOULD PAY THE PRICE.

4. COMMENT: KVP'S DECISION TO ABANDON GOVT ON GASOLINE TAX INCREASE IS BEST EXPLAINED BY KVP'S DESIRE TO IMPROVE ITS POSITION IN THE UPCOMING CABINET DISCUSSIONS ON GOVT BUDGET. HAVING PROPOSED WHAT THEY CONSIDERED REASONABLE COMPROMISE AND HAVING IT REJECTED OUT OF HAND, KVP LEADERSHIP DECIDED TO LET GOVT KNOW IN FAIRLY UNCERTAIN TERMS IT WILL NOT BE DICTATED TO AND WILL NOT SIMPLY ACQUIESCE IN EVERY GOVT DESIRE. KVP DECISION PUTS DEN UYL IN DIFFICULT POSITION, ESPECIALLY WITH HIS EXTREME LEFT WING WHO CONSIDER COOPERATION WITH CONFESSIONALS IS FRUITLESS. IT ALSO INDICATES "NARROW MARGINS" WITHIN WHICH DEN UYL MUST WORK ARE EVEN TIGHTER THAN HE ANTICIPATED. IN VIEW OF ARP SUPPORT, KVP'S POSITION ALSO MAKES MOCKERY OF CHRISTIAN DEMOCRATIC UNITY EFFORT CEREMONIOUSLY LAUNCHED LESS THAN WEEK BEFORE (THE HAGUE 2869). IN CONVERSATION WITH EMBOFF JUNE 29 KVP SECOND CHAMBER MEMBER VAN ZEIL, WHO IS ON EXTREME LEFT OF PARLIAMENTARY GROUP, TOLD EMBOFF PRINCIPAL REASON FOR KVP SOLIDARITY IN THIS ISSUE WAS DESIRE TO NEGOTIATE FROM POSITION OF STRENGTH DURING UPCOMING BUDGET NEGOTIATIONS AND IRRITATION AT PRIMIN DEN UYL'S "TAKE IT OR LEAVE IT" ATTITUDE. TANGUY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973THEHA02928
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973061/aaaaaaag.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Aug-2001 by izenbei0>; APPROVED <20-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECOND CHAMBER REJECTS GOVERNMENT PROPOSAL FOR TAX INCREASES
TAGS: PINT, NL
To: SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005